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No. 06-

In the Supreme Court of the United States

M2 SOFTWARE, INC.,

Petitioner,

v.

M2 COMMUNICATIONS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1.) Whether this Court should resolve the conflict between the Second and Ninth Circuits (as followed by the Federal Circuit here) and the other Circuit Courts as to whether the Lanham Act extends to protection against the junior use of a senior owner's distinctive registered trademark on those products or services that the public is likely to attribute to the same source, or whether the operative language "likely * * * to cause confusion" should be read to require that the senior owner must have already expanded into the junior user's target market in order to secure protection against a junior user's adoption of the same trademark.

2.) Whether in the creative industries (e.g., books, music, software, film) the Lanham Act protects a registered trademark owner's right to establish a "brand positioning" of a distinctive trademark based upon a particular genre of "intellectual content" or whether a junior user may adopt the same distinctive mark for the same type of goods if the junior user's goods are distinguished only by the different genre of "intellectual content" that they convey.

RULE 29.6 STATEMENT

M2 Software, Inc. is the sole petitioner. No publicly held company owns ten percent or more of the corporation's stock.

Respondent is M2 Communications, Inc.

Other parties with a financial interest in the outcome of this proceeding:

M2 Communications, LLC
Gaylord Entertainment
Jeffory Moseley
Time Warner
Warner Music Group
Clear Channel Entertainment
Madacy Entertainment
Handleman Company
SFX Entertainment
Viacom, Inc.
Viacom International, Inc.
MTV Networks Company

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M2 Software, Inc. (hereinafter "M2 Software") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The published opinion of the Federal Circuit in *M2 Software, Inc. v. M2 Communications, Inc.* (U.S.C.A. 2005-1599) is reported at 450 F.3d 1378. (Appendix ("App.") at 1a). The Federal Circuit's denial of M2 Software's Petition for Rehearing *En Banc* is not reported. (App. 27a). The unpublished July 21, 2005 memorandum disposition of the Trademark Trial and Appeal Board is available at 2005 WL 1822550. (App. 13a-26a).

JURISDICTION

The court of appeals entered its judgment on June 7, 2006. The court of appeals denied M2 Software's petition for rehearing *en banc* on July 13, 2006. The jurisdiction of the Federal Circuit was based on 28 U.S.C. Section 1295(a)(4)(B). The jurisdiction of this Court is invoked under 28 U.S.C. Section 1254(1) (2000).

STATUTORY PROVISIONS INVOLVED

This Petition involves a determination of the scope of "likelihood of confusion" contemplated by Sections 32, 43(a), and 2(d) of the Lanham Act. 15 U.S.C. Sections 1114(1), 1125(a), and 1052(d) (2000). This Petition also involves a determination of the exclusivity provisions for incontestable trademarks contemplated by Section 1115(b) of the Lanham Act. These statutes are set forth in the Appendix at pages 28a-33a.

STATEMENT OF THE CASE

I. Introduction and Summary

This petition concerns a conflict between Circuit courts in the interpretation of the scope of trademark protection afforded by the Lanham Act that critically affects the ability of small businesses to grow. The Fed-

eral Circuit in this Trademark Opposition focused on the relatedness of the target markets or purchasers (the "fields *for* which the goods are created"), rather than the relatedness of the goods, to find that the senior owner of a distinctive and fanciful[1] federal trademark could not be protected against a new competitor who adopted the identical mark for the identical technological type of goods directed towards a newly emerging target market. *M2 Software, Inc. v. M2 Communications, Inc.*, 450 F.3d 1378, 1383, 78 U.S.P.Q.2d 1944 (Fed.Cir. Jun 07, 2006), *rehearing en banc denied* (Jul 13, 2006). [App. 1a]. In so doing, the Federal Circuit altered its prior position, taking sides with the Second and Ninth Circuits and deepening a split in the Circuits concerning the proper determination of relatedness. This split in the Circuits has grown unabated since the 1988 Amendments to the Lanham Act. The Federal Circuit abandoned its own precedent in a decision that allowed it to remain consistent with two related cases decided in 2005 by the Ninth Circuit concerning the same federal trademark and many of the same issues. *See M2 Software, Inc. v. M2 Communications, LLC*, 149 Fed.Appx. 612 (9th Cir. 2005), *cert. denied*, ---U.S.---, 126 S.Ct. 1772 (2006) ("*M2Comm*"); *M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d 1073, 1076 (9th Cir. 2005), *cert. denied*, ---U.S.---, 126 S.Ct. 1772 (2006) ("*Madacy*"). Although certiorari was denied for the 2005 cases, this is a recurring conflict that will not be resolved short of this Court's intervention.

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[1] Trademark categories measure distinctiveness – a "crucial trademark concept, which places marks on a ladder reflecting their inherent strength" as a trademark. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 (2d Cir. 1999) (generic, descriptive, suggestiv , arbitrary, fanciful). A fanciful mark, a word or symbol coined for trademark purposes with no dictionary meaning, is afforded the "strongest protection of the trademark laws." *Id. See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (4th ed. 2002) ("*McCarthy*"), §11:1, Figure 11:1A (diagram of trademark spectrum).

The Minority Circuit View

The minority Circuit view relies on a strict "purchaser" definition of the "likelihood of confusion" requirement of Sections 32, 43(a), and 2(d) of the Lanham Act. 15 U.S.C. Sections 1114(1), 1125(a), and 1152(d) (2000). The minority view holds that a senior owner of a federal trademark must have already expanded or be likely to expand into the junior user's target market to secure protection against a junior user's adoption of the same distinctive trademark. The minority view is followed by factions of the Second and the Ninth Circuits and was followed below by the Federal Circuit.

The Majority Circuit View

The majority Circuits' view, interpreting the 1962 and 1988 Amendments to the Lanham Act, applies a "related goods" doctrine that gives a registered trademark owner protection against the use of its mark on those products or services that would reasonably be thought by the buying public to originate from, be affiliated with, or sponsored by the senior registered trademark owner. This modern view is supported by the Third, Fifth, Seventh, and Eleventh Circuits and, until this case, was also supported by the Federal Circuit.

The Brand Positioning Dilemma

The minority Circuits' rule, applied in large part to cases concerning trademarks in the creative industries that are prevalent in those Circuits, has resulted in a threat to the investment by creative companies in their brand positioning, thereby raising the second question presented in this Petition. While it is common practice for a company producing creative content (e.g., books, music, software, film) to invest in "brand positioning" of a trademark or trade name based upon a particular genre of "intellectual content" conveyed by the goods within the overall industry, the rule in the minority Circuits fails to consider this type of producer goodwill by allowing multiple identical trademarks with multiple brand positions to co-exist based *upon* the differences in

brand position or genre of content. This development in trademark law strips creative businesses in the United States of the extraordinary value of a trademark. Brand positioning is a symptom of the first question presented and this Court's resolution of the first question presented will lead to resolution of the second question.

II. Background of the Case

Since long prior to Respondent M2 Communications' adoption of the identical mark, Petitioner M2 Software, Inc., a Delaware corporation, has used its **M2** mark in commerce in the same geographic areas as M2 Communications and throughout the United States and the world as its trademark, service mark, trade name, and sole corporate identifier. [A22-23; A76; A84-97; A102, A392, A403; A707].[2] Pursuant to 15 U.S.C. Section 1065, M2 Software is the owner of an incontestable federal registration for the **M2** trademark. [A22-A23 (U.S. Reg. No. 1,931,182)]. M2 Software has used its mark and name since at least as early as 1991, and has developed 15 years of goodwill in its trademark and trade name. [A22-A23].

In contrast, M2 Communications first applied to the Patent and Trademark Office on September 21, 1999, which is the earliest documentary evidence that it could provide of its trademark use. [A317; A77; A399-402]. M2 Software and M2 Communications have both provided interactive multimedia software development goods and services in the same small New York City proximity. [A76; A84; A87; A96; A102]. While M2 Software has built its 15-year reputation in its distinctive **M2** mark and name by focusing on interactive multimedia applications that revolve around music and the music industry, M2 Communications chose to adopt the identical fanciful **M2** trademark and trade name to mar-

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[2] The Appendix in the appeal below is referenced herein by the abbreviation "A".

ket the same types of interactive multimedia applications, albeit, in a new market niche. M2 Communications' interactive multimedia applications include musical content [A296; A431], but focus on a newly-emerging market niche of health-oriented "intellectual content"[3] that is supplied by the customers. [A331, A332, A392, A408, A410, A415]. M2 Communications' expansion into this field included hiring new specialized computer software employees in the same technological field as M2 Software. [A23; A113-17].[4]

With actual or constructive knowledge of the senior use of **M2** by M2 Software, M2 Communications excluded its primary interactive software segment in its first 1999 application to the Patent and Trademark Office ("PTO"). [A300-01]. When it finally did apply for this field [A277-78], M2 Communications deleted a significant portion of its original sworn description of computer software programming services after M2 Software's U.S. Trademark Registration No. 1,931,182 was located by the Trademark Examiner. [A254; A280-283]. Consistent with the standard cross-content practice of the interactive software field, M2 Communications admitted on its original application that it provided "design of computer software for others" without limitation to any particular intellectual content type. [A254-56].

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[3] "Intellectual content" as used herein refers to the audio, video, and other subject-matter content that is inserted in the final interactive multimedia application. *See Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33 (2003) (distinguishing the "intellectual content" from the actual goods protected under the Lanham Act).

[4] The overwhelming bulk of the effort in producing an interactive software product is not in the target-specific "intellectual content" supplied by the customer, but in the design, development, and production of the software. [A331; A415]. These critical aspects of the parties' businesses are identical, as both businesses operate in the same technological space and use identical software development tools and suppliers prior to the insertion of the customer's final intellectual content. [A72; A93; A114; A249; A327-333; A393; A403; A439; A511].

Upon publication after eliminating the original description,[5] M2 Communications' application nonetheless mimicked M2 Software's senior registration in every respect outside of the "intellectual content" designation:[6]

> M2 SOFTWARE'S SENIOR REGISTRATION:
>
> For: * * * ***Interactive Multimedia Applications*** for Entertainment, Education, and Information, in the Nature of Artists' Performances and Biographical Information from the Film And Music Industries, ***in Class 9*** (U.S. Cls. 021, 023, 026, 036, 038) [A22-23 (emphasis added)].
>
> M2 COMMUNICATIONS' APPLICATION:
>
> For: ***Interactive Multimedia CD-ROMs*** containing Educational Information in the Fields of Pharmaceutical and Medical Product Information, Therapies and Strategies, and Medical, Pharmaceutical, and Healthcare Issues, ***in Class 9*** (U.S. Cls. 021, 023, 026, 036, 038) [A277-278 (emphasis added)].

M2 Communications partnered with a third-party developer named SuperNova – a competitor of M2 Software in the same small New York City proximity – to develop the interactive multimedia software that was

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[5] *See Octocom Systems, Inc. v. Houston Computer Services*, Inc., 918 F.2d 937, 943 (Fed. Cir. 1990) (carving away original application is "pointless maneuvering" and manifests intent); *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097, 1101 (2d Cir. 1969), *cert. dismissed*, 396 U.S. 1054 (1970) (with identical junior mark "defendant must carry the burden of explanation and persuasion."). M2 Communications has no legitimate need to use the identical mark. *See* A286-87; U.S. Trademark Reg. Nos. 2,832,154; 2,765,727 (identical class of goods registered under the PEER POINTS mark) .

[6] M2 Software's enforcement of its own rights in 2001 allowed M2 Communications to proceed to publication. M2 Software successfully opposed an earlier "M2" application in a more general computer field that had been cited by the PTO in blocking M2 Communications' original application. [A309, A312, A79]. *M2 Software, Inc. v. Genras, Inc.*, (TTAB Opp. No. 91/120,326, sustained July 11, 2001).

the subject matter of its application before the PTO. [A113, A114, A299, A392, A403, A431, A707]. Notably, as is typical in this field, SuperNova produced this specialized genre of technology (interactive multimedia software) for a wide variety of corporations, *including* those seeking applications with music-oriented "intellectual content" and health-oriented "intellectual content" obtained from the respective target customers. [A299].

III. Proceedings Below

A. Trademark Trial and Appeal Board

Despite the virtual identity of the application of M2 Communications to the senior incontestable federal registration of M2 Software, the Trademark Trial and Appeal Board dismissed M2 Software's Opposition. In so doing, the Board first held that the marks **M2** and **M2** *Communications* ("communications" disclaimed) could *not* be evaluated as identical. The Board disregarded substantial precedent that has found descriptive and subordinate terms irrelevant in trademark analysis. *See, e.g., Bellbrook Dairies, Inc. v. Hawthorn-Mellody Farms Dairy, Inc.*, 253 F.2d 431, 432 (C.C.P.A. 1958) ("[O]ne may not appropriate the entire mark of another and avoid a likelihood of confusion by the addition thereto of descriptive or otherwise subordinate matter."); *In re Dixie Restaurants, Inc.*, 105 F.3d 1405, 1407 (Fed. Cir.1997) ("DELTA CAFE" and "DELTA" are "identical" for trademark evaluation).[1] After finding the marks not identical, the Board thereafter determined that there was no intersection between the parties' identified goods, rather than use the broader test of whether the public is likely to attribute the products and services to a

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[1] The Board (and the Federal Circuit) reached a different conclusion by relying upon the inapposite case of *In re Hearst Corp.*, 982 F.2d 493, 25 USPQ2d 1238, 1239 (Fed. Cir. 1992). [App. at 11a, 18a]. But *Hearst* concerned the addition of the noun "GIRL" to a mark that was not identical ("VARGA GIRL" versus "VARGAS") and the additional word was not merely descriptive since the applicant was not selling girls. *Id.*

single source. *See* App. at 21a (M2 Communications' specific end-product CD-ROMS "are not included within [M2 Software's] identification.").

B. The Federal Circuit

The Federal Circuit affirmed the Board's decision by focusing on the differences in the "intellectual content" of the otherwise identical goods. *M2 Software*, 450 F.3d at 1382-83. The court disregarded the evidence of M2 Communications' own outsource firm ("SuperNova") which demonstrated that interactive multimedia software manufacturers typically sell and market interactive multimedia software applications under a consistent trademark across different industries without regard to the "intellectual content" contained in the end-product. [A299]. In so holding, the Federal Circuit adopted the minority Circuits' view changing the focus of a trademark analysis from one of examining the relatedness of the interactive multimedia field ***from*** which the specified goods originated (and thus are likely to be attributed to the same source), to affirming the Board's decision to "ground its determination of relatedness in the fields ***for*** which the goods are created." 450 F.3d at 1383 (emphasis added). This startling change of the rule in the Federal Circuit followed the two 2005 Ninth Circuit decisions concerning the same **M2** trademark, on which M2 Communications heavily relied in the proceedings below.[8] *See M2Comm*, 149 Fed.Appx. at 614; *Madacy*, 421 F.3d at 1082 n.7. This Court denied certiorari on those cases on April 17, 2006.

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[8] Although a petition for a writ of certiorari was pending in this Court, M2 Communications' brief to the Federal Circuit was a wholesale transplantation of the Ninth Circuit's 2005 decisions. *See Appellee's Brief*, at 5, 8, 9, 20, 28, 29, 30, 34, 38, 39, 41, 44, 45, 53, 54, 56, 58, 60 (citing *M2Comm*; *Appellee's Brief*, at 5, 9, 20, 28, 30, 40, 41, 44, 45, 53, 54, 56, 58, 60 (citing *Madacy*).

REASONS FOR GRANTING WRIT

In focusing on the market-context question of whether a trademark owner's goods were related to a junior infringer's goods based upon similarities or differences in the "fields *for* which the goods are created," the Federal Circuit deepened a conflict among the Courts of Appeals and disregarded this Court's own conclusions in *Dastar*, 539 U.S. at 32. The minority Circuits' focus on intersecting target markets fails to protect the "natural zones of expansion" of a business, while the majority Circuits implicitly protect a natural zone of expansion by extending federal trademark protection to those products or services that the public would likely attribute to a single source. Natural zones of expansion allow companies to grow when they extend the same or related types of goods to new markets. Protecting these zones is the very essence of protection of a trademark owner's goodwill. *See, e.g., CAE, Inc. v. Clean Air Engineering, Inc.*, 267 F.3d 660, 671 (7th Cir. 2001). Limiting protection to intersecting target markets fails to protect the goodwill of the registered trademark owner – the second of the two purposes of the Lanham Act (the first being protection of the consumer). *See, e.g., Dastar*, 539 U.S. at 32.[2]

It was "the intent of Congress to provide for a thriving business environment by granting nationwide protection to expanding business." *Beatrice Foods Co.*, 429 F.2d 466, 472-73 C.P.A. 1970). Without consistent guidance by this Court as to whether trademark protection extends to those products or services that the public

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[2] The minority Circuit view does not provide substantial protection to the consumer. Consumer confusion is caused by the consumer *perception* of what types of products are likely to be produced or sponsored by a single source. *See Westchester Media v. PRL USA*, 214 F.3d 658, 666 (5th Cir. 2000). Therefore, the minority Circuits' focus on an intersecting customer base is ineffective because confusion in a junior user's new target market may exist even before a senior owner's entry. *Id.*

is likely to attribute to a single source, owners of registered trademarks are faced with uncertainty and risk in determining whether to adopt, expand, or invest in their own trademark properties. Trademarks are now some of the most valuable intangible assets owned by this nation's businesses.[10] Consistent protection of this intellectual property by the courts is imperative to the growth and economic success of businesses.

Trademark disputes in the federal courts are complex and lengthy and very bad for productivity. Yet disputes persist because of the crucial rights at stake and because an imbalance in standards usually means that both sides believe that they are correct. Companies often make decisions as to branding and marketing on a nationwide basis, but the standards for protection of trademarks currently differ in the regional Circuits. This Court is called upon to grant certiorari to clarify whether Lanham Act protection extends to those goods and services the public is likely to attribute to a single source, or whether a senior owner's entry into the junior owner's target market is required to secure protection of its registered marks.

I. The Federal Circuit's "Relatedness" Focus On The "Fields *For* Which The Goods Are Created" Rather Than an Examination of the Types of Goods That the Public Is Likely to Attribute to the Same Source Perpetuates a Longstanding Conflict

A. The Conflict

The "relatedness" factor is a crucial factor in the multi-factored tests developed by the Circuits for a "likelihood of confusion" determination under the Lanham Act. In cases such as this concerning a fanciful trademark, where the identical trademark has been adopted by the junior user, "strength" and "similarity of mark"

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[10] *See, e.g., BusinessWeek*, August 7, 2006, pp. 60-66, "BusinessWeek / Interbrand: The 100 Top Brands." (http://www.ourfishbowl.com/images/press_releases/BusinessWeek06_article.pdf)

are conclusively shown. Thus, the "relatedness" of the parties' goods becomes the dispositive factor.[11]

The Federal Circuit's focus on the "fields *for* which the goods are created" in determining relatedness perpetuates a longstanding conflict between factions in the Second and Ninth Circuits and the remaining majority Circuits. *See M2 Software*, 450 F.3d at 1383. The minority Circuit view holds that a senior owner must have already expanded or be likely to expand into a junior user's target market before finding that the senior user's goods and services are sufficiently related as to cause a likelihood of confusion. The majority Circuit view, on the other hand, extends trademark protection to the senior owner against the use of its mark on those products or services which would reasonably be thought by the buying public to come from or be affiliated with the same source or sponsor.

1.The Minority Circuit View

(a) The New Federal Circuit Rule

The Federal Circuit has traditionally been in the majority Circuit camp on the issue presented. However, perhaps in an effort to remain consistent with the Ninth Circuit's 2005 decisions in the related cases of *M2Comm* and *Madacy*, the Federal Circuit joined the minority Circuits' restrictive focus on intersecting target markets in determining relatedness:

> * * * it was proper for the board to ground its determination of relatedness in the fields ***for*** which the goods are created, rather than the media format in which they are delivered.

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[11] *See Fisons Horticulture, Inc. v. Vigoro Industries, Inc.*, 30 F.3d 466, 476 (3d Cir.1994) (similarity "most important" factor); *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1336 (Fed. Cir. 2001) (courts may focus on "dispositive factors, such as similarity of the marks and relatedness of the goods").

M2 Software, 450 F.3d at 1383 (emphasis added). [8a].

(b) Second Circuit

The Second Circuit applies the *Polaroid* factors as its multi-factored test to determine a likelihood of confusion. *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.1961), *cert. denied*, 568 U.S. 820 (1961). The *Polaroid* test was developed prior to the 1962 Amendments to the Lanham Act. Prior to 1962, the Lanham Act focused on "purchaser" confusion.[12] As a result there is no explicit factor in the Second Circuit test for likelihood of confusion to evaluate "relatedness" separately. Rather, the Second Circuit combines a two-part evaluation of the "proximity" of the products and the likelihood that the prior owner will "bridge the gap" of that proximity. *Id.* The subtle difference in the pre-1962 evaluation is that the confusion of the purchaser at the time of purchase is the overriding concern. In 2004, the Second Circuit unequivocally rejected a modern "relatedness" interpretation for the proximity factor, finding instead: "This factor focuses on whether the two products compete with each other." *Savin Corp. v. Savin Group*, 391 F.3d 349, 458 (2d Cir. 2004), *cert. denied*, 126 S.Ct. 116 (Mem) (2005) (Oct. 03, 2005), quoting *Lang v. Ret. Living Pub. Co.*, 949 F.2d 576, 582 (2d Cir.1991).

In *Savin*, the Second Circuit required direct competition to deny protection of the SAVIN trademark for facilities management services against an identical

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[12] In 1962, Congress expanded the scope of the test of infringement of registered trademarks by striking the language in Section 32 that required confusion or mistake, or deception of "purchasers as to the source of origin of such goods or services." The majority Circuits (and the Federal Circuit before this case) have treated this as evidence of a Congressional intent to broaden confusion to more than simply purchaser confusion as to source of origin. *See, e.g., Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 989 (Fed. Cir.1993); *Marathon Manufacturing Co. v. Enerlite Products Corp.*, 767 F.2d 214 (5th Cir. 1985); *Syntex Laboratories, Inc. v. Norwich Pharmacal Co.*, 437 F. 2d 566 (1st Cir. 1971).

SAVIN trademark for engineering services. *Id.* The Second Circuit followed a line of 1990's cases applying this standard, *e.g., W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567, 573 (2d Cir.1993), including the archetypal case of *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 396 (2d Cir. 1995). In *Arrow*, both companies sold a stapler under the same model number in the same stores – one a pneumatic stapler and the other a lightweight manual stapler. *Id.* The Second Circuit noted that the target markets for each product were different. *Id.* ("homeowners do not use pneumatic staplers"). Subsequent Second Circuit cases have relied upon *Arrow* to support the notion that the "proximity" factor evaluates whether the goods compete.[13]

(c) Ninth Circuit

The Ninth Circuit applies the *Sleekcraft* factors as its multi-factored test to determine a likelihood of confusion. *See AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979) ("*Sleekcraft*"). This test was developed with the understanding that a likelihood of confusion could be demonstrated without direct competition [*Id.* at 348], and it explicitly contemplates that the "proximity" factor concerns "relatedness" in the sense consistently applied by the majority Circuits – *i.e.*, "products which would be reasonably thought by the

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[13] This reliance is flawed and a source of the conflict: The *Arrow* court actually found the non-intersection of the target markets to be "not dispositive" and reached its conclusion only after determining that the trademark at issue was a *model number* and, therefore, was "not a strong mark" and "does not warrant broad protection for a range of products." *Arrow*, 59 F.3d at 396. This case has been erroneously applied to focus on direct competition in the follow-on cases that concern actual trademarks and trade names rather than model numbers. *See, e.g., Savin*, 391 F.3d at 458.

buying public to come from or be affiliated with the same source if sold under the same mark."[14]

Yet, the Ninth Circuit's application of the *Sleekcraft* factors in recent years has trended towards a stricter threshold in which factions within the Circuit conflate the "marketing channel" factor with the "relatedness" factor to effectively prevent any finding of a likelihood of confusion where otherwise similar or identical types of goods are targeted to different markets. For example, in *Moose Creek, Inc. v. Abercrombie & Fitch Co.*, 331 F. Supp. 2d 1214 (C.D. Cal. 2004), *aff'd*, 114 Fed.Appx. 921 (9th Cir. 2004), the Ninth Circuit recently affirmed a decision that found the "relatedness" factor to weigh only "in equipoise" where a senior MOOSE CREEK trademark *for casual clothing* was directed at retail customers while a junior identical MOOSE CREEK trademark *for casual clothing* was directed at end-users. *Id.*, at 1226.

(d) Recent Trademark Cases in the Creative Industries in the Second and Ninth Circuits

In the creative industries prevalent in both the Second and Ninth Circuits, the "target market" focus of the minority Circuits has trended towards a limitation of trademark rights to the "intellectual content" conveyed by the goods rather than the traditional focus of trademark rights on the goods themselves. This is a recurring issue. *See, e.g.:*

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[14] *Sleekcraft*, 599 F.2d at 348 n. 10, quoting *Standard Brands v. Smidler*, 151 F.2d 34, 37 (2d Cir. 1945). Although the Ninth Circuit quotes the Second Circuit for what is now the "majority Circuit" standard, this is because absent clear guidance from above, both Circuits have internally vacillated on the issue. *See, e.g., McCarthy* § 24:55 to 24:69, "Related Goods: Judicial Schizophrenia in the Second Circuit" (describing factional split on this issue).

• *M2Comm*, 149 Fed.Appx. at 614 (finding no likelihood of confusion even though an identical **M2** mark was used in the same music industry, because there were differences in the "*Christian music*" intellectual content of the goods of the junior **M2** trademark);

• *Madacy*, 421 F.3d at 1082 n.7 (finding no likelihood of confusion where an identical **M2** mark was used in the same music industry, because there were differences in the judicially-created "*sports music*" genre of goods of the junior **M2** trademark);

• *Sunenblick v. Harrell*, 895 F. Supp. 616, 627 (S.D.N.Y. 1995), *aff'd without opinion*, 101 F.3d 684 (2d Cir. 1996), *cert. denied*, 519 U.S. 964 (1996) (finding no likelihood of confusion between **UPTOWN** mark for musical products conveying "*jazz*" content versus identical mark for musical products conveying "*hip hop*" content);

• *Brockmeyer v. Hearst Corp.*, 248 F.Supp.2d 281 (SDNY 2003) (finding no likelihood of confusion between "**O**" mark for magazine conveying *Oprah-related* content and federally-registered "**O**" mark for magazine conveying *adult* content);

• *Strange Music, Inc. v. Strange Music, Inc.*, 326 F.Supp.2d 481 (SDNY 2004) (finding no likelihood of confusion between "**STRANGE MUSIC**" trademark for musical products conveying "*classical*" content and "**STRANGE MUSIC**" trademark for musical products conveying "*hip hop*" content).

This focus contradicts this Court's determination in *Dastar*, which found that the "producer's goodwill" rather than the "intellectual content" was the proper focus of Lanham Act protection. *Dastar*, 529 U.S. at 37. This Court found that "origin of goods" in the Lanham Act referred to "the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication *embodied* in those goods." *Id.* at 37 (emphasis added).

2.The Majority Circuit View

Other Circuits, including the Federal Circuit prior to this case, have rejected the minority Circuits' requirement of direct competition in intersecting target markets before making a finding of relatedness.

(a) Federal Circuit (prior to this case)

In 2000, the Federal Circuit vacated and remanded a Board decision that had applied the minority Circuits' interpretation of the relatedness factor that is now at issue in the present case. *See Recot, Inc. v. Becton*, 214 F.3d 1322 (Fed. Cir. 2000):

> [E]ven if the goods in question are different from, and thus not related to, one another in kind, *the same goods can be related in the mind of the consuming public as to the origin* of the goods. ***It is this sense of relatedness that matters*** in the likelihood of confusion analysis.

Id., at 1329 (emphasis added). Under the majority Circuit view, it is perception of origin, sponsorship, or affiliation, rather than differences of relatedness "in kind," that is relevant in the analysis. *Id.* at 1328-29 (finding "the Board erred" when it refused to consider for the "relatedness" determination evidence that other companies market both products); *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1267 (Fed. Cir. 2002) ("whether a single company sells the goods and services of both parties" is relevant).[15]

(b) Third Circuit

Like the Federal Circuit prior to this case, the Third Circuit has similarly focused on whether "other

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[15] *See also* TMEP §1207.01(d)(iii) (a common manufacturer of both parties' types of products "may serve to suggest that the goods or services are of a type that may emanate from a single source") and TMEP §1207.01(a)(vi) (important to the analysis if "the relevant goods or services are...sold by the same manufacturer").

companies market both products" without a requirement that the target fields be the same. *KOS Pharmaceuticals, Inc. v. Andrx Corp.*, 369 F.3d 700, 724 (3d Cir. 2004), quoting *Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466, 480 (3d Cir.1994).

(c) Fifth Circuit

The Fifth Circuit also holds that a likelihood of confusion can exist even where companies are targeting different niche markets. "[D]irect competition between the parties' products is not required." *Westchester Media v. PRL USA*, 214 F.3d 658, 666 (5th Cir. 2000).

(d) Seventh Circuit

The Seventh Circuit agrees with the Fifth Circuit. *Meridian Mutual Ins. Co. v. Meridian Ins. Group, Inc.*, 128 F.3d 1111, 1116 (7th Cir.1997) (trademark owner "need not demonstrate that it is in direct competition") citing *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1089 (7th Cir.1988) and *Professional Golfers Ass'n of America v. Bankers Life & Casualty Co.*, 514 F.2d 665, 669 (5th Cir.1975). The Seventh Circuit recently considered the issue and found "the more accurate inquiry" for relatedness is "whether the public is likely to attribute the products and services to a single source." *CAE*, 267 F.3d at 679 (citation omitted). *See also Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947 (7th Cir. 1992):

> Modern trademark law prohibits use of a senior user's mark not only on products that are in direct competition with those of the senior user but also on products * * * which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.

Id. at 958.

(e) Eleventh Circuit

The Eleventh Circuit agrees with the Seventh

Circuit. In the Eleventh Circuit, the modern "related goods" doctrine:

> gives the trademark owner protection against the use of its mark on any product or service which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.

Carnival Brand Seafood Co. v. Carnival Brands, Inc., 187 F.3d 1307, 1310 (11th Cir. 1999).

B. The Conflict Is Important

The conflict between the minority and majority Circuits in determining the scope of relatedness – focusing either on relatedness of "the fields *for which* the goods are created" [*M2 Software*, 450 F.3d at 1383] or on the relatedness *of the goods themselves* as those likely to come from a single source [*CAE*, 267 F.3d at 679] – is a critical conflict in the determination of United States trademark rights in the creative fields. This Court acknowledged the conflict in 2003 and determined that the 1988 Amendments to the Lanham Act had "seemingly" resolved the question.[16] As demonstrated by this and other cases in which the issue is recurring, the conflict has not been resolved. Moreover, the conflict is likely to persist and continue to deepen until this Court grants certiorari to more directly address the effect of the 1988 Amendments enacted by Congress.

The differences between the two standards can be crucial. In most cases, the minority Circuits' limitation of a creative company's trademark rights to subcategories of "intellectual content" (and thereby only to the most direct form of competition) indisputably favors a junior user that adopts a registered mark for use in a

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[16] In 2003, this Court found that the correct standard was "seemingly" resolved by the 1988 Amendments to Section 43(a) of the Lanham Act. *Dastar*, 539 U.S. at 32 n.5.

new market niche. The intent of Congress is brushed aside because the "direct competition" focus of the Second and Ninth Circuits – as followed by the Federal Circuit in this case – may consider the protection against direct confusion, but this same focus ignores indirect confusion. The minority Circuit standard thereby derogates the second purpose of the Lanham Act – protection of the goodwill and the reputation of the senior registrant. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 783-84 (1992) ("[T]he legislative history of the 1988 amendments reaffirms Congress' goals of protecting both businesses and consumers with the Lanham Act."); *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 164 (1995) ("At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.").

1.The Minority Circuit Standard Defeats "Brand Positioning" in Creative Industries

In the context of creative industries, the restriction of trademark rights to particular sub-categories of "intellectual content" for otherwise identical goods destroys the very role of the trademark. The "intellectual content" can obviously be conveyed by the title of the work, or the name of the artist or author. The standards of the minority Circuit factions that seek to limit a trademark owner's rights to a particular genre of "intellectual content" relegate the value of a registered trademark in the creative fields down to the level of a mere title or author name. The trademark's true purpose – as the designator of source, affiliation, or sponsorship of the producer – is eliminated, and no mechanism remains for a producer to build and associate its goodwill and reputation when the courts allow junior users of identical trademarks to invade the identical creative fields based only upon purported differences in creative content.

Applying the standard of the minority Circuit factions effectively hands over to new market entrants

valuable expansion portions of the registration of the senior trademark registrant. Under this standard, a new market entrant seeking to adopt the identical trademark of a senior producer in the same creative field need only select different "intellectual content" to adopt the senior user's mark thereby gaining the benefits of the reputation and goodwill earned by the senior registrant in a given creative field.

The standard of the minority Circuit factions violates the exclusivity provisions of the statute. 15 U.S.C. § 1115(b); *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196 (1985). This "carving out" of substantial federal trademark rights sets a dangerous precedent that effectively constitutes a business property taking of incontestable trademark rights of the senior trademark registrant.[17] *See, e.g., College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999) ("[t]he Lanham Act may well contain provisions that protect constitutionally cognizable property interests – notably, its provisions dealing with infringement of trademarks"). *See also Bishop v. Equinox International Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998). The minority Circuits' allowance of new entrants for identical goods with different "intellectual content" unilaterally transfers the senior trademark owners' expansion value and goodwill to the junior user.

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[17] The United States Patent and Trademark Office has rules in place to protect businesses and the public. *See* Trademark Manual of Examining Procedure ("TMEP") § 1207.01(a)(iii) ("If the cited registration describes goods or services broadly, and there is no limitation as to the nature, type, channels of trade, or class of purchasers . . . an applicant does not avoid a likelihood of confusion *merely by more narrowly identifying its related goods.*") (emphasis added); *see also* 15 U.S.C. § 1115(b).

2.The Federal Circuit Decision, Read *In Pari Materia* with the 2005 Ninth Circuit Decisions Concerning the Same Trademark, Eliminates Expansion Protection Entirely

The present case, concerning the same trademark and many of the same issues that are raised in the 2005 Ninth Circuit decisions of *M2Comm* and *Madacy*, highlights the devastating effect to a trademark owner that can result from the stringent requirement of the minority Circuits to demonstrate direct competition for a showing of relatedness. In 2005, the Ninth Circuit applied a minority Circuit standard to find that the distinctive and fanciful **M2** registered trademark owned by M2 Software could not be protected *within* the music industry, the primary field of the federal trademark registration. In *Madacy*, the Ninth Circuit determined that the "intellectual content" of "sports-related" music distinguished the junior user despite the use of the identical trademark in the same music industry for the same types of goods. *See Madacy*, 421 F.3d at 1082 n.7. In *M2Comm*, the Ninth Circuit determined that the "intellectual content" of a "Christian" genre of music distinguished the junior user despite the use of the identical trademark in the same music industry for the same types of goods. *M2Comm*, 149 Fed.Appx. at 614. In 2006, the present Federal Circuit decision has now determined that the **M2** trademark cannot be protected *unless* it is within the music industry. *M2 Software*, 450 F.3d at 1382-83.

The 2005 Ninth Circuit decisions (denying protection within the music industry) and the 2006 Federal Circuit decision (denying protection *unless* the junior user is in the music industry) read *in pari materia* deny expansion zones entirely. The Ninth Circuit 2005 decisions eliminate any horizontal expansion opportunities for the federal registrant in its primary industry while the Federal Circuit 2006 decision eliminates any vertical expansion opportunities outside of the primary industry but within the same field of technological expertise. Together, the decisions

provide no expansion path whatsoever for the growing United States corporation under its registered trademark. This is an extraordinary and compelling symptom of a fundamental conflict or misapplication of the Lanham Act in and between the Circuit Courts.[18]

The Lanham Act was not intended to thwart the expansion of growing companies by restricting use of a distinctive trademark to only those goods that a company has initially manufactured. Petitioner coined its non-word trademark in 1991 specifically to avoid this very limitation. The standard applied by the minority Circuits miscasts the "likelihood of confusion" requirement of 15 U.S.C. Sections 1052(d), 1114(1) and 1125(a) in a way that wholly disregards the legislative intent to preserve the natural zones of expansion for trademark owners. By applying the minority Circuits' standard of relatedness, the Federal Circuit's decision unfairly harms the senior federal registrant by handing over to the junior user 15 years of the senior trademark registrant's substantial investment and goodwill in the **M2** trademark for interactive multimedia software development.[19] This is contrary to the intent of the Lanham Act, which "aims to protect the trademark owner's interest in capitalizing on the goodwill associated with its mark by moving into new markets." *CAE*, 267 F.3d at 671.[20]

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[18] Though extensively briefed by M2 Communications, the Ninth Circuit decisions were an infringement action rather than a federal registration proceeding, and thus depended upon a "market" context that the Federal Circuit should have ignored, but did not. *See Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229, 1313 (Fed. Cir. 2005).

[19] Sharing the same specialty, M2 Software has developed its goodwill in the software industry among the very same software industry parties and specialized suppliers with whom M2 Communications must also trade. [A393, A403, A439; A249; A327; A328-333; A72 (¶5); A114].

[20] Any doubt on the likelihood of confusion issue must be resolved in favor of the prior owner and registrant, M2 Software. *Century 21 Real Estate Corp. v. Century Life of America*, 970 F. 2d 874, 878 (Fed. Cir. 1992).

3.The Modern "Related Goods" Doctrine Applied by the Majority Circuits Brightens the Overall Business Landscape of Trademarks

One of the central purposes of a trademark that is neglected by the minority Circuits' focus on "intellectual content" is the use of a trademark as a mechanism for the public to identify information about the style, image, goodwill and reputation of a company. This "market signalling" quality is precisely what is destroyed when more than one company is permitted to utilize an identical distinctive trademark in the same field based only upon differences in the creative "intellectual content" conveyed by the actual goods.

In *M2Comm*, *Madacy*, *Sunenblick*, and *Strange Music*, federal courts in the minority Circuits unilaterally determined – to the detriment of the registrant and the consuming public – that multiple companies could adopt the identical distinctive trademark for music-oriented companies based primarily upon differences in the musical "genres" (the "intellectual content") produced by each company. If trademark law in the creative industries had always been applied under the restrictive standards now applied in the minority Circuits, the overall landscape of trademarks would be far more mundane (and products likely of far lower quality). Were multiple trademarks allowed based upon differences in "genre" of the intellectual content, we would not have the consumer signals, for example, that:

MOTOWN	means "soul" music;
WINDHAM HILL	means "new age" music;
SUB POP	means "alternative rock";
NAPSTER	means "online music".

Under the minority Circuits' rule, the owners of **UPTOWN** will never have a chance to establish the record label as a force in the music industry for "jazz" music because the Second Circuit has allowed – to the detriment of both the business and the public – a second *unrelated* record label to promote "hip hop" under exactly

the same trademark based upon genre differences. *Sunenblick*, 895 F.Supp. at 627. The owners of the **STRANGE MUSIC** trademark will never be able to distinguish their brand as an eccentric brand in the "classical" genre because a lower court in the Second Circuit has allowed a second unrelated company to promote the genre of "hip hop" under the same mark. *Strange Music*, 326 F.Supp.2d at 491. In the present case, M2 Software will never be able to capitalize on its "brand positioning" of the **M2** trademark as the music industry specialist within the overall interactive multimedia software industry [*M2 Software*, 450 F.3d at 1383] or even for the "acid jazz" musical genre *within* the music industry with respect to the content products it has produced. *Madacy*, 421 F.3d at 1082 n.7.

Under the paradigm set forth by the minority Circuits, any new company may adopt the identical distinctive mark on exactly the same types of goods provided there are differences in the "fields ***for which*** the goods are created." *M2 Software*, 450 F.3d at 1383. This destroys the primary incentive for firms to invest in their trademarks, harming both business and consumer.

The English language is sufficiently vast that the minority Circuits' permissive treatment of junior users of identical trademarks is unnecessary. Any newcomer to any creative industry should be able to come up with *some* word or phrase that is different from the mark being used by senior registrants. With an infinity of marks from which to choose, there is simply no logical reason to permit multiple companies to utilize identical trademarks in a given field based only upon differences in, essentially, the "**brand positioning**" of each company. This is particularly true where, as here, a coined and fanciful trademark is at issue. *See McCarthy* Section 23:20 at 23-70.

4. Absent Certiorari, Trademark Owners Must Continue to Operate on an Uncertain and Uneven Legal Playing Field With Unequal Protection Depending on Circuit

The present case involves an incontestable fanciful symbol that serves as trademark, service mark, trade name, and corporate name – a "technical trademark" that is the very pinnacle of the various designators of source granted protection under the statute and the type of device whose use is most likely to cause confusion of affiliation. *See M2 Software,* 450 F.3d at 1384. Unlike cases involving trade dress or descriptive marks, fanciful and arbitrary trademarks almost automatically signify to consumers the brand or product source. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 212 (2000). Yet, absent uniform protection against noncompeting but related goods, there is no incentive for innovative companies to bring new fanciful and distinctive trademarks to life. In the minority Circuits, new entrants are permitted to simply take over the registered trademarks of senior companies at will for use in the very same fields merely by launching products using different intellectual content. Economic efficiency suffers because such a rule removes any incentive to create or position a high-quality brand.[21]

A consistently applied, nationwide scheme for the protection of trademarks is of national importance. The Lanham Act was adopted to secure national protection of trademarks because "trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly*, 469 U.S. at 193. When the benefits of a good reputation are destroyed by inconsistent application of a "relatedness"

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[21] *See* George A. Akerlof, *The Market for "Lemons": Quality Uncertainty and the Market Mechanism*, 84 Q.J. Econ. 488, 499 (1970).

standard, the nationwide scheme of protection is broken. This Court must grant certiorari to resolve this issue.

II. This Case Presents a Uniquely Clean Set of Facts for Review of the Trademark Question

This case presents the ideal set of facts for this Court's review of the important questions presented. Trademark cases are notorious for being "fact-bound" and possessing disparate facts that tend not to be conducive to forming precedent on a single clear issue. Here, however, the facts are simple and clear and the legal issue is presented crisply because there are no facts that would "taint" the "likelihood of confusion" analysis:

- The **M2** mark at issue is registered and fanciful – the strongest mark on the trademark spectrum. *M2 Software*, 450 F.3d at 1384. [note 1, *supra*].
- The junior mark is identical to the senior mark -- the highest degree of similarity possible. [A249-250, A416 (M2 Communications' use of **M2** alone)]
- The new use is for exactly the same type of goods distinguished only by the "intellectual content," produced by the competing parties using precisely the same programming tools. [A393, A403, A439; A93; A249; A327; A328-333; A72 (¶5), A511].

This case is notable, as a candidate for certiorari, because in deciding this case, the Federal Circuit explicitly rejected a "crowded field" and similar defenses. [17a]. Therefore, the relatedness issue is isolated, presenting an ideal opportunity for review.

III. If This Court Does Not Grant Certiorari, This Court Should Summarily Reverse Under Supreme Court Rule 16.1

Regardless of this Court's determination of a Circuit conflict as to interpretation of the Lanham Act, at minimum there was unquestionable error in the Federal Circuit's treatment of this specific trademark case. Accordingly, if this Court does not grant certiorari, it should reverse under the summary reversal provisions of

Supreme Court Rule 16.1. This Rule is reserved for unquestionable error, which exists here on two grounds: i) relatedness of the goods should have been dispositive with an identical mark, and ii) a federal trademark registration may not issue with a false date of first use.

The Federal Circuit unquestionably erred by finding that the marks **M2** and **M2** *Communications* ("communications" disclaimed) were not identical for trademark evaluation purposes. *Supra*, n.7. As demonstrated by M2 Communications' actual use of **M2** alone [A249-250, A416], the remaining portion of the applied-for mark is merely a subordinate descriptive term. The Federal Circuit erred to find otherwise, and this Court should summarily reverse on this ground. Once the marks are properly evaluated as identical, a different standard applies whereby the Court need only find that there is a "viable relationship" between the goods to refuse registration. *In re Opus One, Inc.*, 60 U.S.P.Q.2d 1812, 1815 (TTAB 2001). That standard is easily met here where both parties produce exactly the same types of interactive multimedia software applications under the same fanciful mark.

The Federal Circuit also unquestionably erred by approving a registration bearing a false date of first use. Although M2 Communications trumpets a "first use" date of 1997 in its application and to-be-issued registration, there is no documentary support of any use prior to September 21, 1999, the filing date of its earliest application to the PTO. [A317; A77; A399-402]. Indeed, the Board found it "difficult for applicant to establish" a date earlier than December 26, 2001, and even the "indefinite" testimony of M2 Communications' founder (not supported by any documentation) did not show any use before 1998. [App. at 17a, 2a]. The same witness had initially provided a false date of 1997 in sworn testimony in describing his launch of the **M2usa.com** website. [A434]. This date was contradicted by a verifiable Internet archive investigation that revealed that the website did not exist prior to 1999. [A319, A434]. Summary reversal is required for this issue alone because the Federal Circuit

unquestionably erred in allowing a registration to issue with a false date of first use. TMEP §1505.01(d).

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDICES

APPENDIX A

United States Court of Appeals for the Federal Circuit - 06/07/2006
M2 Software, Inc. v. M2 Communications, Inc.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 05-1599
(Opposition No. 91/158,119)

M2 SOFTWARE INC.,
Appellant,

v.

M2 COMMUNICATIONS, INC.,
Appellee.

Mark L. Pettinari, Law Offices of Mark L. Pettinari, of San Francisco, California, for appellant.

Jacquelyn Inserra, Budd Larner P.C., of Short Hills, New Jersey, for appellee. With her on the brief was Ronald James Campione.

Appealed from: United States Patent & Trademark Office Trademark Trial & Appeal Board

Before MAYER, BRYSON, and PROST, Circuit Judges

MAYER, Circuit Judge.

***1* M2 Software, Inc. ("M2 Software") appeals the decision of the United States Patent and Trademark Office ("PTO") Trademark Trial and Appeal Board, dismissing its opposition to M2 Communications, Inc.'s ("M2 Communications") registration of M2 COMMUNICATIONS for interactive multimedia CD-ROMs containing information on the fields of health, **1380* pharmacy, and medicine. M2 Software, Inc. v. M2 Commc'ns, Inc., Opposition No. 91/158, 118, 2005 WL 1822550 (TTAB July 21, 2005) (" Board Opinion"). Because the board did not err in finding no likelihood of confusion, we affirm.

Background

M2 Communications provides educational and promotional goods and services for companies within the pharmaceutical and medical industries. Its products fit within three broad categories: "live media," e.g., assistance with symposia presentations; "traditional media," e.g., educational videos for patients and printed newsletters; and "new media," e.g., interactive CD-ROMs with symposia proceedings, patient educational materials on DVD-ROMs, and website development. Approximately ninety-five percent of its clients are pharmaceutical companies, and the remaining clients are biotechnology companies and medical associations. Board Opinion at 8-9.

The board found that M2 Communications used its mark in commerce no earlier than 1998, and neither party challenges that determination. On December 26, 2001, M2 Communications applied to register the mark M2 COMMUNICATIONS (standard character form) for goods identified as:

> Interactive multimedia CD-ROMs containing educational information in the fields of pharmaceutical and medical product information, therapies and strategies, and medical, pharmaceutical, and healthcare issues in Class 9.

Serial No. 76352778 (emphasis added). FN* Given the restriction emphasized above, the board found that M2 Communications' mark is limited to use on goods in the pharmaceutical and medical fields. Board Opinion at 11. On September 10, 2003, M2 Software filed an opposition to the application.

FN* M2 Communications' application also seeks to register its mark for services under classes 35 and 41, again with the restriction that its use be limited to services in the pharmaceutical and medical fields. M2 Software did not challenge registration of M2 COMMUNICATIONS for those services. Therefore, M2 Communications is entitled to a registration for them.

M2 Software provides goods and services exclusively to the music and entertainment industries. See id. at 13-14. In so far as the record establishes, all of its clients are in those fields, and it does not market or sell any of its products to consumers in the pharmaceutical or medical fields. Accordingly, the board concluded that any overlap between the parties' prospective purchasers or channels of trade is de minimis. Id. at 15. It further found that M2 Software first used its mark in commerce prior to 1998, thereby establishing priority both as to the trademark in question and for the purposes of establishing rights derived from its trade name and service marks. Id. at 6, 14-15.

M2 Software holds the registration for the mark "M2" (standard character form) for goods described as:

> computer software featuring business management applications for the film and music industries; and interactive multimedia applications for entertainment, education and information, in the nature of artists' performances and biographical information from the film and music industries; and instructions and information for playing musical instruments.

**2 U.S. Registration No. 1,931,182 (emphasis added). Based on the restriction in M2 *1381 Software's registration (limiting the use of its marks to goods in the film and music industries), and the restriction in M2 Communications' application (limiting use of its mark to goods in the pharmaceutical and medical industries), the board found that M2 Communications' goods were not explicitly encompassed by the scope of goods identified in M2 Software's registration. Board Opinion at 11. Moreover, it found that the parties' goods were not related. Id. at 18. It reasoned that while both parties sell goods in the same media format, i.e., interactive CD-ROMs, that fact alone renders them neither identical nor related. See id. at 9-12. Instead, paramount to this case is the industry-specific focus of the parties' claimed goods. Both the registration and the application identify subsets of CD-ROMs, defined by industry, not CD-ROMs generally. The board concluded that because the claimed industries are distinct and separate, the software prepared for them, notwithstanding similarities in media platform, are different goods. Id.

With respect to the similarity of the marks, the board found them to be "very similar." Id. at 7. M2 Communications disclaimed the term "COMMUNICATIONS," and the board, following our precedent, compared the marks as a whole, including the disclaimed term, to determine the level of similarity between them. On that basis, while recognizing the limited import of "communications" in altering the ap-

pearance, sound, meaning, and commercial impression of the challenged mark, the board declined to find the marks identical. Given that finding, because of the unrelated nature of the parties' goods, no demonstrated overlap of purchasers or channels of trade, and an absence of other factors suggesting a likelihood of confusion, the board found that confusion is not likely, and dismissed M2 Software's opposition. Id. at 18. M2 Software appeals, and we have jurisdiction under 28 U.S.C. § 1295(a)(4)(B).

Discussion

[1] Under the Lanham Act, 15 U.S.C. § 1052(d), the PTO may refuse to register a trademark that is so similar to a registered mark "as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." Likelihood of confusion is a question of law, based on findings of relevant underlying facts, namely findings under the DuPont factors. FN** See **1382* Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin, 396 F.3d 1369, 1371 (Fed.Cir.2005). "We review the board's legal conclusions de novo, and its findings of fact for substantial evidence." Shen Mfg. Co. v. Ritz Hotel Ltd., 393 F.3d 1238, 1240 (Fed.Cir.2004) (citations omitted). Neither we nor the board, however, are required to consider every DuPont factor. Id. at 1241. Rather, we need to consider only the factors that are relevant and of record. See id. Moreover, any one factor may control a particular case. In re Dixie Rests., Inc., 105 F.3d 1405, 1407 (Fed.Cir.1997) (citing DuPont, 476 F.2d at 1361-62).

FN** When testing for likelihood of confusion, the following factors, when of record, must be considered:

> (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation

> and commercial impression. (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use. (3) The similarity or dissimilarity of established, likely-to-continue trade channels. (4) The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing. (5) The fame of the prior mark (sales, advertising, length of use). (6) The number and nature of similar marks in use on similar goods. (7) The nature and extent of any actual confusion. (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion. (9) The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark). (10) The market interface between applicant and the owner of a prior mark ··· (11) The extent to which applicant has a right to exclude others from use of its mark on its goods. (12) The extent of potential confusion, i.e., whether de minimis or substantial. (13) Any other established fact probative of the effect of use.

In re E.I. DuPont DeNemours & Co., 476 F.2d 1357, 1361 (CCPA 1973).

**3 [2] Bearing these principles in mind, we turn to M2 Software's challenge. It contests the board's ultimate conclusion that confusion is not likely, and its findings as related to five DuPont factors: (1) the similarity of the goods in question; (2) intersecting channels of trade and purchasers; (3) the similarity of the marks; (4) the strength of its mark; and (5) M2 Communications' intent in registering its mark. We address each of the challenged determinations in turn, find them to be appropriately supported, and conclude that

the board correctly determined that there is no likelihood of confusion.

The board placed the greatest weight on its findings that the goods in question were not related and that the channels of trade and purchasers are different. Because of the dominant role these factors play in this case, we find no error in the weight the board accorded them.

Beginning with the relatedness of the goods, the board's determination that the parties' goods were not related is supported by substantial evidence. When reviewing its conclusion, we consider the applicant's goods as set forth in its application, and the opposer's goods as set forth in its registration. See Bose Corp. v. QSC Audio Prods., 293 F.3d 1367, 1376 (Fed.Cir.2002) (citing DuPont, 476 F.2d at 1361). The board found, and M2 Software does not challenge, that M2 Communications' goods are limited to interactive multimedia CD-ROMs in the fields of pharmacy and medicine. Any incidental music or entertainment features contained in M2 Communications' goods do not bring them within the music or entertainment fields, or alter the fact that they are produced for, and are, therefore, products within the pharmaceutical and medical fields.

By comparison, M2 Software's registration, in relevant part, describes its goods as "computer software featuring business management applications for the film and music industries; and interactive multimedia applications for entertainment, education and information, in the nature of artists' performances and biographical information from the film and music industries." U.S. Registration No. 1,931,182 (emphasis added). Accordingly, the board correctly found the scope of M2 Software's registration to be limited to the film and music industries. M2 Software argues, however, that because its registration relates to "interactive multimedia applications for entertainment, education and information," the board erred in declining to read the scope of its registration more broadly, as encompassing interactive multimedia software in

any field. We disagree. Such a reading would require us to improperly ignore scope limiting language within the clause it cites, i.e., language plainly limiting its registration to goods in the music and entertainment fields. Therefore, the board properly found that **1383* M2 Communications' goods do not come within the actual scope of M2 Software's registration. This finding, however, does not end the inquiry because the goods might, nevertheless, be related based on other considerations.

**4 M2 Software argues that the goods in question are related based on the mere fact that they both take the form of interactive multimedia CD-ROMs. While this argument has some merit, we reject it. As stated above, the application and registration make clear that the relevant goods are not interactive multimedia CD-ROMs broadly conceived, but rather CD-ROMs produced for a particular field. Here the board found the pharmaceutical and medical fields to be distinct from the music and entertainment fields, which we affirm below. Therefore, it was proper for the board to ground its determination of relatedness in the fields for which the goods are created, rather than the media format in which they are delivered. This subject-matter-based mode of analysis is consistent with our precedent, see, e.g., Octocom Sys., Inc. v. Houston Computer Servs., Inc., 918 F.2d 937, 941 (Fed.Cir.1990), and the board's precedent, see, e.g., Elec. Data Sys. Corp. v. Edsa Micro Corp., 23 USPQ2d 1460, 1463 (TTAB 1992) ("[T]he fact that both parties provide computer programs does not establish a relationship between the goods or services, such that consumers would believe that all computer software programs emanate from the same source simply because they are sold under similar marks."). Moreover, given the pervasiveness of software and software-related goods in society, it would be inappropriate to presume relatedness on the mere basis of goods being delivered in the same media format, especially where, as here, the goods de-

scribed in both the application and registration are defined narrowly, along distinct industry lines.

Further supporting the board's determination is that M2 Software's actual business activities are limited to the film and music industries. It did not introduce any evidence that it sells goods or services beyond those fields or within the fields of pharmacy or medicine; nor did it introduce any evidence that it is likely to expand into the pharmaceutical or medical fields. Therefore, to the extent that its trade name and service marks might have afforded it protection beyond that secured by its registration, nothing in the record supports extending any such protection here. Cf. Shen Mfg., 393 F.3d at 1244 ("[G]oods that are neither used together nor related to one another in kind may still 'be related in the mind of the consuming public as to the origin of the goods. It is this sense of relatedness that matters in the likelihood of confusion analysis.' " (citing Recot, Inc. v. Becton, 214 F.3d 1322, 1329 (Fed.Cir.2000))).

Relatedly, with respect to the third DuPont factor, the board found, and we agree, that the parties' channels of trade and purchasers are different. M2 Software concedes that all of its known customers are in the music or entertainment industries. Furthermore, its marketing targets those industries. By comparison, M2 Communications deals only with pharmaceutical and medical customers, and all of its marketing is directed towards those fields. Neither party submitted any evidence of inherent overlap of customers or trade channels between the pharmaceutical and medical industries, on one hand, and the music and entertainment industries, on the other. Although both parties operate websites, that fact, without more, is insufficient to overcome the vast weight of evidence establishing that no overlap exists. Therefore, substantial evidence supports the board's conclusion that any overlap in this factor is de minimis.

*1384 **5 Citing 15 U.S.C. § 1125(a), FN*** M2 Software nevertheless argues that the board erred in failing to

consider confusion as to affiliation, connection, association, sponsorship, or approval in the software trade. However, it did not introduce any direct evidence suggesting the existence of such confusion, and the absence of any demonstrated overlap as to the parties' channels of trade or purchasers eliminates any basis from which one might infer it. Therefore, even if the section 1125(a) elements are applicable to a section 1052(d) opposition, whether through the third or thirteenth DuPont factor, the board committed no error in failing to explicitly consider them. Indeed, it is required to consider only those factors that are of record, see Shen Mfg., 393 F.3d at 1241, which is not the case here.

FN*** 15 U.S.C. § 1125(a)(1)(A) provides in pertinent part:

> Any person who, on or in connection with any goods or services ··· uses in commerce any word, term, name, symbol, or device ··· which ··· is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person ··· shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

The unrelated nature of the parties' goods and their different purchasers and channels of trade are factors that weigh heavily against M2 Software. It is difficult to establish likelihood of confusion in the absence of overlap as to either factor. Analysis of the remaining aspects of M2 Software's challenge confirms the correctness of the board's ultimate conclusion.

Turning to the similarity of the marks, M2 Software owns the registered trademark "M2" in standard character

form. U.S. Registration No. 1,931,182. The board's finding that the marks in question are "very similar" is supported by substantial evidence. See Board Opinion at 7. When comparing the similarity of marks, a disclaimed term, here "COMMUNICATIONS," may be given little weight, but it may not be ignored. See In re Hearst Corp., 982 F.2d 493, 494 (Fed.Cir.1992). Accordingly, while the board found the "M2" portion of the marks to be identical and that the disclaimed term did not create any significant difference in meaning or commercial impression, it did not err in finding that the marks, when considered as a whole, were not identical. In its likelihood of confusion analysis, the board appropriately weighed this factor as favoring M2 Software.

Next, M2 Software argues that the board failed to give sufficient weight to the strength of its mark. It asserts, and M2 Communications does not dispute, that its mark is fanciful, and, therefore, inherently distinctive and deserving of heightened trademark protection. See Nautilus Group, Inc. v. Icon Health & Fitness, Inc., 372 F.3d 1330, 1340 (Fed.Cir.2004). However, the board explicitly rejected the notion that third-party usage of "M2" rendered M2 Software's mark weak, Board Opinion at 18, and stated that factors other than DuPont factors one, two, and three did not alter the outcome dictated by those three factors alone, id. at 16. Therefore, we can fairly infer that the board gave due consideration to the fanciful nature of M2 Software's mark. Moreover, we agree that, in view of the degree to which factors one and three weigh in M2 Communications' favor, heightened protection deriving from the fanciful nature of M2 Software's mark does not affect the finding of no likelihood of confusion.

*1385 **6 Finally, M2 Software argues that the board erred in finding no bad intent in M2 Communications' application for its mark. However, M2 Communications established before the board that it adopted its mark because, in its conception of the term, "M2" was shorthand for "medical

marketing." Id. at 18. It further provided an uncontroverted statement that it was unaware of M2 Software's mark when it designed the M2 COMMUNICATIONS mark. Id. While a finding of bad intent would alter the likelihood of confusion analysis in M2 Software's favor, substantial evidence supports the board's conclusion that M2 Communications' intent is not a factor favoring M2 Software.

Therefore, because the DuPont factors favoring M2 Communications, i.e., the unrelated nature of the parties' goods and the fact that the marks are used in different channels of trade and with respect to different purchasers, outweigh the factors favoring M2 Software, i.e., the similarity of the marks and the fanciful nature of its mark, the board properly found that confusion was not likely.

Conclusion

Accordingly, the judgment of the United States Patent and Trademark Office Trademark Trial and Appeal Board is affirmed.

AFFIRMED

APPENDIX B

Trademark Trial and Appeal Board – 07/21/2005
M2 Software, Inc. v. M2 Communications, Inc. 91158118

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Opposition No. 91158118
to application Serial No. 76352778

M2 SOFTWARE INC.,
Opposer,
v.

M2 COMMUNICATIONS, INC.,
Applicant.

THIS DISPOSITION IS
NOT CITABLE AS
PRECEDENT OF THE TTAB
Mailed: 21 July 2005
AD

M2 Software, Inc., pro se.

Jacquelyn Inserra of Budd Larner, P.C. for M2 Communications, Inc.

Before Quinn, Drost, and Zervas, Administrative Trademark Judges.

Opinion by Drost, Administrative Trademark Judge:

On December 26, 2001, M2 Communications, Inc. (applicant) applied to register on the Principal Register the mark M2 COMMUNICATIONS (standard character form) for goods identified as follows:

> Interactive multimedia CD-ROMs containing educational information in the fields of pharmaceutical and medical product information, therapies and strategies, and medical, pharmaceutical, and health-care issues in Class 9.
>
> Preparing promotional and merchandising material for others and dissemination of advertising matter in the field of pharmaceutical and medical products, therapies, and strategies; business consulting services in the field of promoting pharmaceutical and medical products, therapies, and strategies in Class 35.
>
> Educational services in the nature of development, production, and dissemination of educational materials of others in the field of pharmaceuticals, medical and health care products in Class 41. [FN1]

The application also contains a disclaimer of the term "Communications."

On September 10, 2003, M2 Software, Inc. (opposer) filed a notice of opposition to the registration of applicant's mark. Opposer alleges that applicant's mark is confusingly similar to opposer's registered trademark "M2" in standard character form for "computer software featuring business management applications for the film and music industries; and interactive multimedia applications for entertainment, education and information, in the nature of artists' performances and biographical information from the film and music industries; and instructions and information for playing musical instruments" in Class 9. [FN2]. 15 U.S.C. § 1052(d).

More broadly, the notice of opposition (p. 2) referred to "an inevitable likelihood of confusion [with] Opposer's senior M2® trademark, service mark, trade name, and corporate name."

FN1: Serial No. 76352778 contains an allegation of a date of first use and first use in commerce of September 1997.

FN2: Registration No. 1,931,182 issued October 31, 1995. The registration alleges a date of first use of October 23, 1991, and a date of first use in commerce of January 10, 1992.

Applicant denied the salient allegations of opposer's notice of opposition.

The Record

The record consists of the pleadings; the file of the involved application; the discovery deposition of Roy Wilschutt, an officer of applicant, with exhibits; the discovery deposition of David Escamilla, opposer's president, with exhibits; the affidavit of Roy Wilschut; and the declaration of Jacquelyn Inserra, applicant's attorney, submitting additional documents. [FN3].

Preliminary Matters

In a decision dated May 20, 2005, the board noted that although the parties filed motions for summary judgment, the parties' briefs were improper, and even if the briefs were proper, there would be at least one genuine issue of material fact that would prevent granting summary judgment. The parties were advised (p. 4) that "they may forego trial and stipulate that their cross-motions for summary judgment and evidence be treated as the final record and briefs therein." The parties so stipulated (Response filed June 15, 2005). Therefore, we will consider Opposer's Motion for

Summary Judgment (Opposer's Motion) and Reply in Support of Motion for Summary Judgment (Opposer's Reply) as well as

FN3: Inasmuch as most of the evidence has been marked "confidential," we have limited our references to such evidence.

Applicant's Opposition to Motion for Summary Judgment and Cross Motion for Summary Judgment (Applicant's Motion) and Reply Memorandum of Law in Further Support of Its Cross Motion for Summary Judgment (Applicant's Reply) as the briefs in this case.

In addition, opposer has paid only a single opposition fee so that it is assumed that opposer is opposing, and the parties concentrated their arguments on, the goods in Class 9. Therefore, regardless of the outcome of proceedings, applicant will be entitled to a registration for the services in Classes 35 and 41.

Finally, opposer, as plaintiff in the opposition proceeding, bears the burden of proving, by a preponderance of the evidence, its asserted grounds of priority and likelihood of confusion. See Cerveceria Centroamericana, S.A. v. Cerveceria India Inc., 892 F.2d 1021, 13 USPQ2d 1307, 1309 (Fed. Cir. 1989); Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 USPQ2d 1842, 1848 (Fed. Cir. 2000).

Because of opposer's proof of ownership and use of its registered mark, we find that opposer has established its standing to oppose. See, e.g., Lipton Industries, Inc. v. Ralston Purina Company, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982). Also, priority is not an issue here, at least to the extent that it owns a registration for the mark M2.

See King Candy Co. v. Eunice King's Kitchen, 496 F.2d 1400, 182 USPQ 108, 110 (CCPA 1974).

However, we must also consider opposer's priority regarding its "service mark, trade name, and corporate name"

(Notice of Opposition, p. 2). The opposed application has a filing date of December 26, 2001 and applicant can rely on its filing date as its priority date. See Intersat Corp. v. International Telecommunications Satellite Organization, 226 USPQ 154, 156 n. 5 (TTAB 1985) ("The earliest date of first use upon which Intelsat can rely in the absence of testimony or evidence is the filing date of its application"). It is difficult for applicant to establish an earlier date of first use of the mark in commerce. The testimony of its witness on this subject was indefinite. See Wilschut at 57 ("A. I have got an opinion of counsel on - at the time when I wanted to adopt M2 Communications. Q. Was that in 1997? A. No. Q. Was that in 1998? A. I don't recall); 63 (Q. Late in the year 1997 when you first used the mark, on what product or services was it used? A. Mostly used on letterhead... Q. When was it, actually, first used on a product? A. I do not recall the exact date. It might have been late 1997 or beginning of 1998"). Therefore, applicant has not shown it has a priority date prior to 1998.

Opposer, on the other hand, has submitted evidence that it has conducted business using the term M2, produced CD-ROMs, and licensed a database prior to 1998. See Escamilla declaration ¶¶ 4 and 5 and Exhibits 3 and 4. Therefore, we conclude that opposer has priority regarding its trade/corporate name and service mark used in the music industry.

Likelihood of Confusion

We now consider the central issue that the parties have discussed, i.e., likelihood of confusion. We consider the factors set out by the Court of Appeals for the Federal Circuit and its predecessor, the Court of Custom and Patent Appeals, in In re Majestic Distilling Co., 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003) and In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973), in likelihood of confusion cases.

The first factor we consider is the similarities and dissimilarities of applicant's and opposer's marks. Applicant's mark is for the words M2 COMMUNICATIONS in standard character form. Opposer's registration is for the term M2, also in standard character form. Applicant has disclaimed the term "Communications." We start by rejecting opposer's argument (Reply at 2) that "the astounding absolute identity of the marks should be in the forefront in any analysis." While a disclaimed matter is often "less significant in creating the mark's commercial impression," In re Code Consultants Inc., 60 USPQ2d 1699, 1702 (TTAB 2001), it nonetheless cannot be ignored. In re Hearst Corp., 982 F.2d 493, 25 USPQ2d 1238, 1239 (Fed. Cir. 1992) ("[W]e believe that the Board erred in its diminution of the contribution of the word `girl.' When GIRL is given fair weight, along with VARGA, confusion with VARGAS becomes less likely"). Here, the marks are not identical.

We now examine the similarities and dissimilarities of the marks in their appearance, sound, meaning, and commercial impression. Palm Bay Imports Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772, 396 F.3d 1369, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005). Both marks are identical to the extent that they contain the same term "M2." Because of this overlap, the marks would have significant similarities in appearance. In addition, the M2 portion, whether pronounced as M "two" or M "squared," would be identical, and thus the marks M2 and M2 COMMUNICATIONS are very similar in sound. Also, there is no indication that the term M2 would have any different meaning in the marks. Furthermore, even when we consider the disclaimed term "Communications," it does not create any significant differences in the meaning or commercial impression of the marks. Thus, the parties' marks are very similar.

The next factor that we consider is the similarities and dissimilarities of the parties' goods. It is important to note that here we must compare the goods as they are described in the application and the registration in determining whether

there is a likelihood of confusion. Octocom Systems, Inc. v. Houston Computers Services Inc., 918 F.2d 937, 16 USPQ2d 1783, 1787 (Fed. Cir. 1990) ("The authority is legion that the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which the sales of goods are directed"). See also Paula Payne Products v. Johnson Publishing Co., 473 F.2d 901, 177 USPQ 76, 77 (CCPA 1973) ("Trademark cases involving the issue of likelihood of confusion must be decided on the basis of the respective descriptions of goods").

Applicant's goods are interactive multimedia CD-ROMs containing educational information in the fields of pharmaceutical and medical product information, therapies and strategies, and medical, pharmaceutical, and healthcare issues. Applicant's CD-ROMs contain educational information concerning medical, pharmaceutical, and healthcare information. Consistent with this identification of goods, applicant's witness submitted that "[r]oughly 95% of M2 Communications' clients are pharmaceutical companies, while the remaining clients are comprised of biotechnology companies and medical associations." Wilschut affidavit, ¶ 3. While we do not read limitations into identification of goods, when, as here, the identification of goods is limited to a particular field, our likelihood of confusion analysis dictates that the goods are considered as they are identified and limited in the application.

Opposer's goods are identified as "computer software featuring business management applications for the film and music industries; and interactive multimedia applications for entertainment, education and information, in the nature of artists' performances and biographical information from the film and music industries; and instructions and information for playing musical instruments." Opposer's software and

multimedia applications are limited to the film and music industries.

We cannot agree with opposer that the "parties' goods and services are virtually identical." Opposer's Motion at 19. Opposer's software is limited to the film and music industries and applicant's goods are limited to the medical, pharmaceutical, and healthcare information. Therefore, the question is whether the goods of the parties are related and not identical. The board has addressed the question of whether computer products in general are related.

> Opposer argues that the parties' products are related because each party provides software programs which process data. We decline to interpret the concept of related goods so broadly. All computer software programs process data, but it does not necessarily follow that all computer programs are related. Given the ubiquitous use of computers in all aspects of business in the United States today, this Board and its reviewing Court have rejected the view that a relationship exists between goods and services simply because each involves the use of computers. See, Octocom Systems, Inc. v. Houston Computers Services, Inc., 918 F.2d 937, 16 USPQ2d 1783 (Fed. Cir. 1990); Information Resources Inc. v. X*Press Information Services, 6 USPQ2d 1034 (TTAB 1988). In particular, the fact that both parties provide computer programs does not establish a relationship between the goods or services, such that consumers would believe that all computer software programs emanate from the same source simply because they are sold under similar marks."

Electronic Data Systems Corp. v. EDSA Micro Corp., 23 USPQ2d 1460, 1463 (TTAB 1992).

Therefore, the mere fact that both applicant's and opposer's goods can be described as interactive or that the

products may be made in similar ways does not establish that the goods are related. "In view of the fact that computers are useful and/or are used in almost every facet of the world of business, commerce, medicine, law, etc., it is obvious that distinctions must be made." Reynolds & Reynolds Co. v. I.E. Systems Inc., 5 USPQ2d 1749, 1752 (TTAB 1987)

We note that this is not a case where the registered mark is for a broad class of goods and applicant's goods are a subset of that broad class of goods. See In re Linkvest S.A., 24 USPQ2d 1716, 1716 (TTAB 1992) ("Registrant's goods are broadly identified as computer programs recorded on magnetic disks, without any limitation as to the kind of programs or the field of use. Therefore, we must assume that registrant's goods encompass all such computer programs including those which are for data integration and transfer"). See also Paula Payne Products, 177 USPQ at 77 (The registered mark for hair spray would not exclude applicant's hair brightener spray). Here, it is clear that applicant's CD-ROMs in the field of health, pharmaceutical, and medicine are not included within opposer's identification of goods for software in the film and music industry.

We add that even if the products were not in distinctly different fields that fact would not automatically mean that the goods or services are related. Electronic Design &Sales Inc. v. Electronic Data Systems Corp., 954 F.2d 713, 21 USPQ2d 1388, 1391 (Fed. Cir. 1992) ("[A]lthough the two parties conduct business not only in the same fields but also with some of the same companies, the mere purchase of the goods and services of both parties by the same institution does not, by itself, establish similarity of trade channels or overlap of customers"). See also Astra Pharmaceutical Products, Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 220 USPQ 786, 792 (1st Cir. 1983) (Pharmaceutical products sold to hospital pharmacies dissimilar to laboratory instrumentation sold to hospital laboratories). In another case, the Third Circuit held that there was no likelihood of confusion when the marks CHECKPOINT and CHECK POINT were

used in the security industry. Checkpoint Systems, Inc. v. Check Point Software Technologies Inc., 269 F.2d 270, 60 USPQ2d 1609, 1620 (3rd Cir. 2001) ("While Checkpoint Systems's access control, closed circuit television and radio frequency products may employ similar technology, their purpose is physical article surveillance or personal access. On the other hand, Check Point Software's firewall technology is not intended to prevent theft of merchandise or limit physical access. Its purpose is to prevent third parties from accessing information from unsecure computer lines. Because the products serve different functions, and there is only `minimal overlap' in the product technology, it is unlikely consumers would be confused by the similar marks").

Furthermore, while opposer has argued that its registration "does not exclude development of the very same identified interactive multimedia applications to the `expansion' marketing channel on which Applicant has based its new business" (Reply at 6 (emphasis omitted)), it has not established that CD-ROMs with information in the medical/healthcare/pharmaceutical field are within the natural zone of expansion for a producer of computer products for the music and film fields. Clearly, they are not within the scope of its identified goods in the registration. Our case law has held that the "mere fact that computer accessories and computer toys and games involve the use of computers or software, and that applicants' goods are also computer software, does not, in and of itself, demonstrate that the computer software on which applicants use their mark is within the natural scope of expansion of the use of opposer's mark." Viacom International Inc. v. Komm, 46 USPQ2d 1233, 1238 (TTAB 1998). Opposer admits that it provides "products and services since its 1991 inception, all with the common characteristic of being (i) technology-oriented, and (ii) in the music industry." Opposer's Motion at 5. Opposer has not shown that it operates in applicant's medical/healthcare/ pharmaceutical field. Based on the record, we cannot con-

clude that applicant's field is within opposer's natural scope of expansion.

We add that our conclusion would not change even if there were incidental musical arrangements on applicant's CD-ROMs. The presence of music on a medical CD-ROM would not make these otherwise dissimilar goods related. Quite simply, a CD-ROM containing a legal lecture with a few bars from a popular sound would not change the nature of the CD-ROM. Similarly, a medical CD-ROM that includes a discussion of elbow surgery and its results on a baseball player would not, by itself, make the CD-ROM related to CD-ROMs about sports. The channels of trade and purchasers for these CD-ROMs would not change. They remain CD-ROMs concerning legal or medical practices. Therefore, we conclude that applicant's and opposer's computer products that exist in separate fields are not related beyond the fact that they would both be created in similar ways and used on the same device, a computer. Reynolds & Reynolds Co., 5 USPQ2d at 1752 (Evidence showed that opposer had a "division which deals in computers and computer related products. But it is clear that the ACLU marks are confined to their use to the products and services of the Tax Systems Division." Applicant's communications software is "sufficiently different").

While we have concentrated on the goods in opposer's registration, we have not overlooked opposer's corporate/trade name and its service marks and its goods to the extent that they are not included within the scope of the identification of goods in its registration. Opposer refers to these other products as its music industry database application, its record label services provided to other labels, and its music content on CDs, CD-ROMs, and the Internet. Opposer's Motion at 5-6. However, as opposer's self-identified descriptions indicate, these products and services would all be in the music industry. This is consistent with its admission that it has "provided a broad line of products and services ... in the music industry." Opposer's Motion at 5. These common law

uses do not change our basic analysis regarding the parties' intellectual property. Applicant and opposer operate in distinctly different fields and even considering these additional rights we do not see that there is a significantly different relationship between the parties.

Other factors that we consider in our likelihood of confusion analysis concern the prospective purchasers of the parties' goods or services and their channels of trade. It is difficult to see that there is any overlap between applicant's CD-ROMs in the medical/pharmaceutical/healthcare fields and opposer's "computer software featuring business management applications for the film and music industries; and interactive multimedia applications for entertainment, education and information, in the nature of artists' performances and biographical information from the film and music industries; and instructions and information for playing musical instruments." Even when we consider that opposer's goods include music CD-ROMs for groups such as Buckethead, the potential overlap would be de minimis. Certainly, applicant's medical-related CD-ROMs and opposer's software for business management applications in the film and music industries are distinct without any known overlap of purchasers or channels of trade. Regarding opposer's other products, there is no indication that they would be sold in the same channels of trade as opposer's interactive medical-related CD-ROMS. While it is possible that a purchaser of CD-ROMs containing educational information in the fields of pharmaceutical and medical product information, therapies and strategies may also be interested in a Buckethead CD or another product of opposer, this would involve pure speculation and it would not indicate that confusion is likely.

> "[W]e acknowledge that opposer is correct that some overlap of the parties' customers could occur, especially where physicians and other medical professionals are also the parents of students. However, even assuming for purposes of summary

> judgment that many of the 569,160 physicians in the United States utilize their subscriptions to opposer's "Knowledge Finder" product in their homes and would also purchase a subscription to applicant's "INFORMATION FINDER" product for use at home by their children in connection with their schoolwork, we are constrained to agree with applicant that the prospects for any kind of confusion as to the source or sponsorship of the parties' goods is de minimis."

Aries Systems Corp. v. World Book Inc., 26 USPQ2d 1926, 1933 (TTAB 1993). See also Electronic Design & Sales, 21 USPQ2d at 1392-93 ("[0]pposer urges that persons who use opposer's data processing and telecommunications services at work and who buy batteries at retail stores would be confused as to source .... [T]he potential for confusion appears a mere possibility not a probability").

Regarding the other factors, they do not sufficiently effect the outcome in this case. There is little evidence to indicate that opposer's mark has achieved any significant level of fame. While there is no evidence of actual confusion, this fact does not indicate that there is no likelihood of confusion. The absence of actual confusion does not mean there is no likelihood of confusion. Giant Food, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565, 218 USPQ 390, 396 (Fed. Cir. 1983); J & J Snack Foods Corp. v. McDonald's Corp., 932 F.2d 1460, 18 USPQ2d 1889, 1892 (Fed. Cir. 1991). In this case, the lack of actual confusion may be due to the size of the companies and the fact that applicant does not advertise (Wilschut dep. at 78). Therefore, this factor is neutral.

While applicant argues that there are other third-party marks for M2, this evidence primarily is based on federal registrations and Google lists. Federal registrations are not evidence of use of the marks. In re Mucky Duck Mustard Co., 6 USPQ2d 1467, 1470 n.6 (TTAB 1988). The Google extracts do not provide much information on which to conclude that a substantial number of companies are actually us-

ing the M2 term. "Evidence of actual use of a phrase by a website has far greater probative value than the summary results of a search for key words, which may indicate only that the words in a phrase appear separately in the website literature." In re Fitch IBCA Inc., 64 USPQ2d 1058, 1060 (TTAB 2002). We cannot conclude based on this evidence that opposer's mark is weak.

Opposer also refers to applicant's intent (Motion at 22-24) and suggests that applicant's intent should be a factor that should be held against applicant. The record does not establish that applicant had a bad intent when it adopted its mark. Applicant's witness indicated that it adopted the mark because it means "medical marketing." Wilschut dep. at 157. Furthermore, the witness denied that he had any knowledge of M2 Software at the time he designed applicant's trademark. Wilschut at 53. Therefore, we conclude that, based on the record, applicant's intent is not a factor that favors opposer.

When we consider all the evidence of record, we conclude that, while the marks are M2 and M2 COMMUNICATIONS are similar, the goods are not related and the channels of trade and purchasers are different. Therefore, we conclude that confusion in this case is not likely.

Decision: The opposition is dismissed.

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 05-1599
(Opposition No. 91/158,119)

Filed July 13, 2006

M2 SOFTWARE INC.,
Appellant,

v.

M2 COMMUNICATIONS, INC.,
Appellee.

NOTE: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public order.

ORDER

A petition for rehearing en banc having been filed by the Appellant, and the matter having first been referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of this court will issue on July 20, 2006.

FOR THE COURT,

Jan Horbaly
Clerk

cc: Mark L. Pettinari
Maurice N. Ross

APPENDIX D

15 U.S.C. § 1052(d)

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

* * *

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to

(1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter;

(2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or

(3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally

determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

15 U.S.C. § 1114(1)

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term "any person" includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

15 U.S.C. § 1115(b)

Incontestability; defenses. To the extent that the right to use the registered mark has become incontestable under section 15 [15 USC 1065], the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15 [15 USC 1065], or in the renewal application filed under the provisions of section 9 [15 USC 1059] if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32 [15 USC 1114], and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section

7(c) [15 USC 1057(c)], (B) the registration of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 12 of this Act [15 USC 1062(c)]: Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act [15 USC 1062(c)] of the registered mark of the registrant, and not abandoned: Provided, however, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

15 U.S.C. § 1125(a)

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.